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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

SEP 14 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )

Billed Party Preference )  
for 0+ InterLATA Calls )

CC Docket No. 92-77

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REPLY COMMENTS OF LDDS COMMUNICATIONS, INC.

LDDS Communications, Inc. ("LDDS"), by its undersigned counsel, hereby submits its reply comments to initial comments filed by other parties in the referenced proceeding. As discussed below, initial comments confirm how serious defects in the Commission's Billed Party Preference proposal would render it an ineffective substitute for today's system of "0+" presubscription. Accordingly, the benefits of Billed Party Preference cannot be found to exceed its costs, as required by the Commission, so the proposal should not be adopted.

I. BILLED PARTY PREFERENCE CANNOT WORK UNLESS STATE  
REGULATORS ORDER ITS IMPLEMENTATION FOR ALL INTRASTATE  
"0+" CALLS

In its initial comments, LDDS explained how the failure to include all "0+" toll traffic would prevent BPP from winning acceptance by callers, because the failure to route all "0" dialed calls in a consistent manner would result in the continued need for access codes on certain "away from home" calls. LDDS described how end users will not embrace BPP and its alleged conveniences if the need to use access codes is not completely eliminated. LDDS stated

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how it could probably support Billed Party Preference if the concept was applied to all "0+" toll calls, but noted the Commission's failure to state a jurisdictional basis for applying BPP to any intrastate traffic.

Initial comments from IXC's, LEC's and state regulators echo the concerns expressed by LDDS. Opponents and supporters of BPP confirm how intrastate calls could not be affected by any FCC Order implementing Billed Party Preference. Most importantly, state regulators, even those supporting BPP for interstate calls, did not concede jurisdiction over routing of intrastate "0+" traffic.<sup>1</sup> Various carriers and industry associations also noted how the Commission has erroneously assumed its proposal would include certain intrastate traffic. Southern New England Telephone Company, in commenting on cost recovery issues, set forth its concerns as follows:

Even though the Commission has "every confidence" that BPP would be implemented "for both interstate and intrastate interLATA traffic..." this is far from a commitment for simultaneous implementation nationwide for all telephone companies. Such implementation is necessary if the objective consumer benefits and adequate LEC cost recovery are to be realized.<sup>2</sup>

GTE pointed out the serious problems for consumers which would result if different states adopt different plans for the processing of intrastate (intraLATA) calls. GTE noted that if states do not

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<sup>1</sup> See Virginia Corp. Com'n. at 1; Colorado PUC at 1; Idaho PUC at 1; NARUC at 5,7.

<sup>2</sup> SNET Comments at 7, n. 26.

concur in how intrastate calls are to be handled, consumers travelling from state to state "would never know what to expect in the way of intraLATA call handling."<sup>3</sup> Similarly, Capital Network System provided extensive comments concerning both the jurisdictional aspects of the BPP proposal and the practical difficulties for callers which will arise if the Commission adopts BPP for interstate calls while intrastate calls continue to be routed using presubscription. As CNS stated, "the confusion... will be almost unimaginable and clearly unacceptable."<sup>4</sup> Southwestern Bell ("SWB") supports application of BPP to all "Dial 0" calls from public switched access lines, observing that, "without the widest implementation possible, BPP will not provide consumer confidence and yield required participation levels."<sup>5</sup> SWB also states that if Billed Party Preference is not ubiquitous, much consumer confusion will result.<sup>6</sup> These are the types of concerns which LDDS highlighted in its initial comments.<sup>7</sup>

The Commission's lingering interest in Billed Party Preference has been predicated on the notion that BPP would eliminate the need

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<sup>3</sup> See GTE Comments at 6. As LDDS described in its initial comments, the situation would be equally confusing for consumers attempting to place intrastate, interLATA calls.

<sup>4</sup> CNS Comments at 19. See also, APCC Comments at 4, n. 3, Ex. 1 at 16-17, 48, n.50.

<sup>5</sup> SWB Comments at 7.

<sup>6</sup> Id., p. 12.

<sup>7</sup> LDDS Comments at 4-5.

for consumers to dial access codes when making "0+" calls from aggregator locations. Unfortunately, in the FNPRM, the Commission has not considered whether failure to apply BPP to all "0+" toll traffic would prevent BPP from achieving the consumer acceptance necessary to realize the benefits sought by the Commission.

The Commission apparently assumes BPP would affect intrastate calls. So does Sprint, a BPP supporter which boldly claimed that state commissions will "embrace" Billed Party Preference for intraLATA calls.<sup>8</sup> Ameritech, while supporting BPP's adoption, implies that state commissions will need to act to adopt BPP for intrastate traffic.<sup>9</sup> These comments make clear that BPP cannot work well without affirmative action from state regulators. Yet, no state commission has stated its intention to adopt Billed Party Preference for intrastate calls. Thus, an important question is unresolved -- how may the Commission ensure that any plan for Billed Party Preference affects all "0+" calls? Clearly, this issue must be resolved before the Commission could order implementation of Billed Party Preference. However, the scarcity of state commission support for BPP suggests to LDDS that the states are as skeptical about BPP as most of the industry.

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<sup>8</sup> Sprint Comments at 26.

<sup>9</sup> Ameritech Comments at 14-15.

## II. INITIAL COMMENTS CONFIRM THE IMPORTANCE OF CALLING CARD PARITY IF BILLED PARTY PREFERENCE IS REQUIRED

In its initial comments, LDDS discussed the links between calling card issuance, tariffed card validation services and untariffed billing and collection services, explaining the need for fourteen digit screening to promote calling card parity if BPP is adopted. Without such screening, LDDS and other IXC's would be unable to continue issuing line number-based calling cards, and would be captive customers for LEC billing and collection services.

Not surprisingly, the LECs oppose fourteen digit screening, while tacitly acknowledging the ability of the card issuer to control billing for the cardholder. Both GTE and SWB describe how end users desire the convenience of receiving a single bill for their calling card calls.<sup>10</sup> Obviously, these LEC card issuers will be greatly advantaged if IXC's are unable to issue line based calling cards in a Billed Party Preference environment.

Other IXC's concur with LDDS's concerns about calling card parity. Sprint's comments note the connection between the issuance of a calling card and the ability to control billing to the cardholder. While supporting fourteen digit screening, Sprint suggests that ten digit screening could be an acceptable alternative as long as IXC's have the ability to issue line based cards and existing LEC cards do not have any presumptive validity

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<sup>10</sup> GTE Comments at 21; SWB Comments at 8.

over the same type of card issued by an IXC.<sup>11</sup> LDDS believes Sprint's proposal has some merit. However, LDDS agrees with AT&T that only a fourteen digit screening mechanism would allow consumers to establish calling arrangements that would give them the flexibility envisioned for Billed Party Preference.<sup>12</sup> Thus, should the Commission determine to proceed with Billed Party Preference, LDDS believes the incremental cost of requiring fourteen digit screening would be justified.

### III. GTE'S PROPOSAL TO PROHIBIT CALLERS FROM DIALING ACCESS CODES SHOULD BE REJECTED

In explaining its support for the Commission's proposal to prohibit aggregator equipment from being programmed to "dial around" and subvert Billed Party Preference, GTE makes the startling claim that the use of access codes by callers should be prohibited.<sup>13</sup> GTE claims that callers using access codes to reach a preferred carrier are somehow defeating the purpose of Billed Party Preference, even when the access code is being used to place a calling card call. Obviously, adoption of GTE's proposal would not only restrict the choices available to transient callers, it would further strengthen GTE's ability to monopolize the intraLATA

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<sup>11</sup> Sprint Comments at 55.

<sup>12</sup> AT&T Comments at 30.

<sup>13</sup> GTE Comments at 24.

market within GTE's exchanges. In addition, GTE's proposal is clearly in conflict with the principles of end user choice which underlie the BPP proposal. The FNPRM fully contemplated that BPP, if adopted, would coexist with the alternative access methods callers are using today. Indeed, a similar proposal to ban access code dialing, originally offered in 1992 by USTA, was specifically rejected in the FNPRM.<sup>14</sup> GTE's proposal should not be adopted.

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<sup>14</sup> See FNPRM at par. 82.

#### IV. CONCLUSION

Billed Party Preference will not work unless the calling public finds it to be "user friendly." The public will not consider BPP to be "user friendly" unless BPP works for all toll calls dialed on a "0+" basis. The Commission's proposal will not affect all "0+" toll calls. Accordingly, the proposal does not offer any real advantage over today's system of "0+" presubscription, and clearly is not worth the expense of implementation. Therefore, Billed Party Preference should not be adopted.

Respectfully submitted,

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